

# THE CHINOOK ADVANCE

Vol. 21

Chinook, Alberta, Thursday, Oct. 21st 1937

## W. I. Silver Tea And Bazaar

The Women's Institute are having a Silver Tea and Bazaar on Saturday, Nov. 6—in place of Sale of home cooking which was previously advertised.

Dance: Rearville School Friday, October 29. Proceeds for Christmas Concert.

## Aviators Map Out Drouth District

Surveying 10,000 square miles of drouth area east and south-east of Calgary, Royal Canadian Air Force pilots, using three airplanes, have been taking many photographs of the stricken districts during the past few weeks for the use of the Dominion Government.

The pilots are: Flying Officer C Rutledge, Sergeant D. Gilmour and Sergeant S. Turner. Others actively engaged in the flights are Corporal J. A. Wiseman, Corporal J. Walker and Aircraftman, J. Schultz and A. L. Rhodes.

Mr. Geo. E. Aitken, of the Acadia Produce Co. Store, left Friday morning en route for Vancouver, he intends to visit for a short time with Mr. and Mrs. Jas. Aitken, Kirkcaldy and also Mr. and Mrs. N. Murray, of Huxley. He will return early in the spring.

Mr. and Mrs. Arthur E. Goddard, of Oyen, spent the week end at the home of the latter's parents, Mr. and Mrs. D. G. Andersod. Mr. Goddard returned Monday but Mrs. is remaining for a week longer.

Mr. and Mrs. D. G. Anderson and family have rented the Harry Forbes farm one mile north of town.

Mr. and Mrs. Adam Marr who have been living on Mr. Harry Forbes farm, moved into a house on Railway Ave., owned by Mr. J. E. Cooley.

Rev. Mr. Whaley of Youngs town has been here three days this week assisting with distributing cars of apples and potatoes.

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[Continued from last week]

## Chinook and District School Fair Prize Winners

Class 103—Poster—Grace Stewart, Nancy Connor, Lois Robinson, Bernice Peterson.

F—Grades VII and VIII—

Class 106—Landscape—Peggy Lawrence, Jessie Schmidt, Helen Pfeiffer, James Gilbertson.

Class 106—Wall of a Room—George Roseau, Winifred Marr, Helen Pfeiffer, Avis Leftwich.

Class 107—Poster—Peggy Lawrence, Jessie Schmidt, James Gilbertson, Winifred Marr.

G—High School

Class 108—Poster—Kathleen Proudfoot, Doris Savage, Ruth Falconer, Kenneth Ford.

Class 9—Landscape—Kathleen Proudfoot, Kenneth Ford, Gordon Wilson, Bruce Hutchison.

Class 110—Initial Letter—Kathleen Proudfoot, Doris Savage, Allan Alsop, Charles Ford.

### PENMANSHIP

Class 111—Grade I—Penmanship—Marcel Butts, Virginia Lee, Murray Meeres, Rex Turple.

Class 112—Grade II—Kath. Cooley, Paul Oberbas, Eric Schmidt.

Class 113—Grade III—Trish Wilson, Kathleen Hille, Florence Monteith, Albert Ford.

Class 114—Grade IV—Billy Lee, Dudley Connor, Ray Cooley, Lillian Segger.

Class 115—Grades V and VI—Bernice Peterson, Annie Slowinski, Lois Robinson, Dora Whelan.

Class 116—Grades VII and VIII—Kathleen Jackson, Winifred Marr, Peggy Lawrence, Queenie Ford.

Class 117—High School—Kathleen Proudfoot, Ruth Falconer, Bernice Rasmussen, Bruce Hutchison.

### COMPOSITION

Class 118—Grade V and VI—Jean Thompson, Doris Monteith, Doris Whelan, Ethylene Rasmussen.

Class 119—Grades VII and VIII—Ruth Lee, Kathleen Jackson, Annie Slowinski, Dora Whelan, Queenie Ford, Peggy Lawrence.

Class 120—Grades IX and X—Bernice Peterson, Gordon Wilson, Barbara Shier, Gordon Turnbull.

### GEOGRAPHY

Class 121—Grade IV—Map of School District—August Roseau, Ray Cooley, Dudley Connor, Billie Lee.

Class 122—Grade V—Map of North America—Jean Thompson, Doris Whelan, Ethylene Rasmussen, Doris Hille.

Class 123—Grade VI—Map of Canada—Lois Robinson, Doris Whelan.

Class 124—Grade VII—Map of Europe—Ruth Harrington, Jessie McKinnon.

Class 125—Grade VIII—Map of British Isles—Peggy Lawrence, Annie Byr, Gertrude Savage, Winifred Marr.

Class 126—Map of Canada—High School—Kathleen Proudfoot, Ruth Falconer, M. J. Pueta, Barbara Shier.

### SPECIAL PRIZES

Standard Brands

Clara Hettler, wrist watch; Grace Stewart, fountain pen.

Canadian Sugar Factories, Raymond—Marcel Turnbull, movie camera; Gordon Wilson, lapel pocket watch.

Five Ribbons—Jessie Schmidt, \$1.00; Ruth Harrington, 50c; Ruth Harrington, 25c.

## BANNER HARDWARE AND GROCERIES

Canned Milk large size	2 for	.25
" " small	4 for	.25
Cowans Cocoa	per tin	.30
Royal Yeast cakes	2 for	.15
New Onions	5 lbs	.25
Helmet Corn Beef	per tin	.16
Lard	per lb	.29
First grade Creamery Butter		.33
Tar and plain Building paper, Roofing		
Lamp supplies and Radio Batteries		

## RESTAURANT

### All Kinds of Meat For Sale

### Ice Cream, Confectionary, Soft Drinks

### All Kinds Tobacco

### All kinds of Cigarettes

### Canned Goods

## MAH BROS.

### Agriculture Branch Will Handle Relief

OTTAWA, Oct. 2 (C.P.)—All forms of relief in the drouth regions of Saskatchewan and Alberta will hereafter be administered by the department of agriculture. Labor Minister Norman Rogers announced here last night.

Besides direct relief, the agriculture department will administer the Prairie Farm Rehabilitation Act, and the provision of feed and fodder and other rehabilitation measures in the drouth area.

### Irrigation and Stockwatering Dams Being Built

For the past two or three years dams designed for stock watering purposes have been built throughout the country lying south of Hannah, and during the past summer considerable work has been done along similar lines. Now, a large project is to be undertaken for the purpose of irrigating small tracts of land rather than for strictly stock watering purposes.

Application for a dam six miles east of Pollockville situated on the East Berry Creek was made by the special Areas Board in 1936. This dam known as the Bartman dam was to be sufficient size to be used for Irrigation purposes. Just recently word has been received from the Minister of Agriculture, Ottawa, giving his approval to such a scheme. The construction of the proposed dam to start immediately, with the Pool Construction Company, Edmonton and Regina in charge of the work.

### Local Labor to be Used

The construction of the Bartman dam will provide work for a large number of

farmers and labor in the south country. Although the primary motive of the Bartman dam is to provide stock watering, it will also provide relief to many men in the country who have suffered from serious drouth conditions for so many years. The dam will employ local labor, which will be a great help to the high, will be situated on the controlled by the special Areas Board, whose direction the project will be carried out.

Entire costs of the Bartman dam will be borne by the Dominion Government, and work provided for under the Prairie Farm Rehabilitation Act in Bray, will act as a catalyst in engineering in charge of construction.

Last Saturday night there was another fine day. We have had as fine weather as could be desired for the month and since the last getting rain the crops are showing a good growth of green grass. The next year are looking well.

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**HIDES and FURS**  
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Family Herald & Weekly Star - 1 Year

ALL THREE PAPERS ONLY

# NATURE SAYS CHEW!

## KEEPS TEETH SPARKLING

### Personality In Education

Too much stress cannot be laid upon the importance of the personality of the teacher as the chief integral factor in the educational systems of Western Canada if these systems are successfully to bear the burden which has been imposed upon them to lay the foundation of a virile and basically sound citizenry.

It is not enough that the teacher be erudite or that he or she be thoroughly grounded in principles of psychology and methodology. It is not even sufficient that the pedagogue, to use an old-fashioned term, be an expert in the art of imparting knowledge to his or her charges. The teacher may have all these essential attributes and yet not have the personality necessary to inspire character, without which education is but a mere shell.

Personality has been defined as "that which constitutes distinction of person; distinctive personal character; individuality. Personality implies complex being or character having distinctive and persistent traits among which reason, self-consciousness and self-activity are usually reckoned as essential" and Coleridge defined it as "individuality existing in itself but with a nature as a ground."

With these definitions as a background in the mind, the importance of personality in those who are charged, along with the parents, with the development of a future race which is as yet in the melting pot stage, can scarcely be exaggerated.

For it is axiomatic that as the twig is bent so will the tree become, and the twig will be bent as the teacher wills and directs it, consciously or unconsciously, and the determining factor in this process is the teacher's personality rather than his precept.

The success of the public school system of Great Britain is based upon the knowledge of the importance of this influence and the effect that the personality of the teacher will have upon the character of the pupils under his care. It is because of this that personality is regarded as the fundamental qualification, though not the only one, for headmastership in the great public schools of the old land.

Over there it is well known and recognized that the personality of the teacher will leave an ineradicable impress on the pupil, an imprint which will glow throughout life and will dominate thought, word and action until the closing scene.

And withal that is a natural sequence of submitting young and impressionable minds to the guidance of one individual for many hours a day in the formative period of youth.

Three important elements enter into the scheme of the education of youth. They are matter, method and personality. The first two have a relative importance in the educational structure, but without the last-mentioned, enduring results could only be insignificant, almost to the zero border.

Sometimes in the controversies which arise from time to time over the subjects which should be taught in the primary and secondary schools and the manner in which these subjects should be presented to the inquiring mind, the fact that the personality of the teacher and his influence on character building transcends the mechanics of education, is minimized or overlooked altogether. Of far greater importance to the future of the student and of the nation in which he will take his place, is what he will be, than what he will know or how he learned what he will know.

Good progress in this direction has been made in this country to date, despite the fact that the country is so young and has had to build up an educational system at short notice, and it is to be hoped that the distractions of economic and restless conditions will not be permitted to call a halt in the march towards this important objective and that as the primary objective it will not be forgotten.

In post-war years important strides were made in the educational systems of the country. Academic and professional standards were raised and other restrictions were imposed which, along with improved remuneration for teachers, served to make the teaching profession more attractive than it had been in the earlier days when it was more often than not, as a stepping stone to other spheres of work or to marriage.

In the more recent difficult years of drought and depression, however, the principal objective of custodians of the schoolhouse has necessarily been towards keeping the school open, all the time if possible, and if not, at least part of the school year. Make-shift measures have had to be adopted, but despite the handicaps imposed by strenuous conditions, in the great majority of instances, teachers, trustees and ratepayers have strained the utmost of their meagre resources in a valiant effort to live up to their obligations to the future generation.

During this period the teachers have in a substantial measure sacrificed a great deal to remain true to their trust and for their sakes as well as for the sake of the children it is to be hoped that the end of these difficulties lies in the immediate future and that ratepayers and parents will again be able to press further without serious encumbrance towards the goal that it so essential to the progress of the country—a well equipped school-house and means to adequately recompense a teacher with a personality.

### A Common Failing

Many People Do Not Get Much Out Of Life

During the past two years, writes William Moulton Marston, in the Rotarian Magazine, I have asked 2,997 persons, "What do you live for?" I discovered that 94 per cent. are merely enduring the present for some future event or condition. Poor souls! They are wasting to-day's realities for tomorrow's speculations, sitting bored at a great entertainment, waiting for a better show which may never open. It's a common failing.

The ocean waters of the world contain about 25 trillion dollars' worth of gold in suspension, according to the estimates of scientists.

### Treatment Of Sickness

Former Health Officer Of England Praises U.S. System

Sir Arthur Newsholme, former chief health officer of England and Wales, praised the free treatment of sickness as practised in the United States. He spoke at the 66th annual meeting of the American Public Health Association.

Sir Arthur said that from Shakespearean days, no impoverished person in his own country needed to suffer from lack of food, shelter or medical care.

Sir Arthur told of the work of the British National Health Insurance Act of 1907, which, he said, provides medical treatment for one-third of the total population of England and Wales.

### Franklin Was Right

Engineers Prove Lightning Rods Are Great Protection

Benjamin Franklin's fame seems certain to go on forever. In the whole history of science no other figure has grown, so steadily in stature after death. Nearly two centuries ago Franklin invented the lightning rod. Ridicule, over-enthusiastic acceptance, exploitation by the unscrupulous—all have been the lot of that device. And now come the pronouncements of engineers with all the latest scientific instruments to prove that almost everything that Franklin believed and said about his lightning rods was right. The chief difference is that importance of the rods has changed ends. Instead of the branched, pointed and gold-tipped upward end on which lightning rod salesmen used to set such store, modern experts are more concerned about the bottom.

At the laboratories of the General Electric Company at Pittsfield, Mass., where artificial lightning has been playing for several years, K. B. McEachron also has inquired into the freaks of natural bolts. One recent instance is instructive. This bolt struck a tree forty feet from a bunkhouse where a boy was standing at the window. The house was not struck, but the boy was killed. What happened, Mr. McEachron decides from fingerprints of lightning along its path, was that the bolt followed one root of the tree, got from that into a small stream of rain water, followed this to the foundation of the house and then struck upward through the unfortunate youngster. From his chest the bolt jumped to a near-by metal saucepan, thence to a radio antenna, next to electric wires leading to a neighboring building and finally to the telephone system, through a wire hanging near an electric lamp. The telephone system, at last, proved equal to the strain, and led the lightning off into the ground.

From the lightning's viewpoint this freakish path was simple and direct. The bolt was seeking the smoothest way into the ground. Ground under the tree was too dry, hence the path by root and stream into the bunkhouse. Hence, also, the importance of the lower end of a lightning rod, where its buried tip or metal end plate is close to ground. Under, as Franklin long ago realized, it should be. Safest of all places in a storm is to be inside a lightning rod with its lower end thoroughly grounded.—New York Herald Tribune.

### The Bluesone Challenged

Race May Take Place Off New York

In 1939 we have still our old Bluesone, a boat which has stirred the Bluesone pride, whose graceful lines are still a thing of wonder, whose likeness adorns our dimes and whose picture on one of our special postage stamps has commanded the admiration of philatelists throughout the world, so much so, that some of them go the length of saying it is the most beautiful stamp of all the collections. Despite the struggles the boat has had with wind and tide and accident, she still carries on and does her daily dozen.

And now Ben Pine, skipper of Thebaud, comes forward to challenge his old antagonist, Angus Walters, to again try conclusions with the Bluesone, suggesting the race take place off New York in 1939 at its great World's Fair. This will give adequate time for preparation, provide an ample stage on which to run the race, and will be an attraction to all the lovers of salt water and those who sail it. It should not be difficult to so arrange and there will be the widest general approval.—Halifax Chronicle.

### Something To Puzzle Over

How long is a piece of string, and why? I ask for information, not being able myself to supply the answer. The question, I am assured, by one who had to cope with it, has just been put in an examination for candidates for prison wardenships. It may, of course, have been a species of intelligence test. Capacity to deal with such a problem would no doubt argue ability to face most crises in life successfully.—London Spectator.

### Capital Is Right

On being asked to write down a definition of "capital punishment," says the Christian Science Monitor, a Glasgow schoolboy submitted this: "Being locked in an ice-cream or chocolate factory for a week-end would, in my opinion, be capital punishment."

Great Britain reports a boom in recruiting for the territorial army.

Monkeys are relaxed by large eagles of the tropics.

### Might Prove Beneficial

Freak Will May Result In Modern Inheritance Bill

A husband who bequeathed his wife the equivalent of seven cents to purchase a noose, and added a hope she would make use of it without delay, may ultimately prove to be a benefactor.

The strange request at least has sent a group of parliamentarians into action to put an end to wills that disinherited wives and children.

Headed by Miss Eleanor Rathbone, independent member of Parliament for the combined English Universities, a delegation will wait upon Prime Minister Chamberlain to urge introduction of a modern inheritance bill.

For years members of Parliament representing all parties have sought to bring English law into line with legislation prevailing in Scotland and some of the dominions.

Proponents of a new inheritance bill declare incidents of eccentric bequests are all too frequent. Here are two cited:

A London man directed that his wife should be given "one pair of my trousers, free of duty and carriage paid, as a symbol of what she would be to wear in my life-time—but did not."

Another left his widow the sum of one farthing to be sent her by post in an unstamped envelope. As the letter contained coin and was not registered, the woman had to pay a registration fee of eight pence in addition to two pence for excess postage.

### USED TO WAKE UP WITH A HEADACHE

#### Now Fresh and Lively Every Morning

Here is a man who woke up every morning with a dull headache. Then Kruschen transformed his days. Read his story.

"I used to wake up in the morning with a dull headache. A year ago, I started taking Kruschen Salts and I can do my day's work without any exertion. I can recommend Kruschen for anyone suffering from headaches and constipation, and for putting new life into you. I intend to continue with Kruschen for the rest of my life."—E.F.

Headaches can nearly always be traced to a disordered stomach, and to the unsuspected retention in the system of stagnating waste material which poisons the blood. Remove these poisons—prevent them from forming again—and you'll never have to worry any more. And that is just how Kruschen Salts brings quick and lasting relief from headaches.

### ALICE STEVENS' RECIPES

#### HOUSEHOLD HINTS

If your pulled candy seems at all sticky, roll the pieces in icing sugar. This prevents them sticking together. When ripping an old woolen garment, wind the wool in skeins and wash to remove the curl in the wool. Bend your fingers and pull the wool around your elbow and up to your hand. This makes a convenient sized skein and it is very easy to wind. Whenever possible, cook apples without peeling them. The skin contains cellulose which is a valuable laxative.

Save the leaves of celery. Dry these slowly in the oven and save them for vegetable soup next winter.

Rayon is made from wood-pulp and softens in water. Great care must be exercised in washing rayon. Do not rub or wring the material as this puts it out of shape.

Add corn syrup to candy to prevent it going sticky.

Use very few spices and flavorings in cooking apples. Try to develop the natural flavor of the apples.

Store your jars of preserves away from the light, so that the fruit does not lose its color.

Avoid overloading the washing machine. A small amount of clothes is cleaned more easily and there is less strain on the machine.

Treat your linoleum at regular intervals with wax, varnish or shellac. It is not only easier to keep the floors clean, but the linoleum wears much longer.

Serve a child or invalid two small servings rather than one large serving. They are much more apt to eat a large amount.

Readers are invited to write to Alice Stevens' Home Service for free copies on home cooking and household problems. Address letters to Winnipeg Newspaper, Winnipeg, J.T. McDermott, Ave. E., Winnipeg, Man.

#### Like Canadian Glue

Liquor dealer M. Robinson at Houston, Texas, wants Canada to change the formula of the glue it puts on liquor stamps. He said mice had licked the mulligan from all Canadian stamps in his store, but had not molested the stamps of other countries. Other stores disclosed the same thing had happened to their Canadian stamps.

The Duke of Wellington was 46 years old at the battle of Waterloo; Blucher was 73.

**DIXIE**  
PLUG SMOKING TOBACCO

DIXIE is the economy plug—you cut it as you use it. The cellophane wrapping—with the easy-opening ribbon—keeps DIXIE factory-fresh.

### Engine Driver Retires

Engineer Of British Railway Had Long Record

George Stone, engine-driver to three kings and maker of railway records, has retired after more than 50 years service with the London, Midland and Scottish Railway.

Although 65 years old, he was known as "Young Stony," a nickname bestowed on him more than 40 years ago to distinguish him from his father, also a long-service engineer. One of his chief regrets in leaving the footplate was that his service could not be extended another 13 months. That extra spell would have given him and his father 100 years of service between them.

Here are some of "Young Stony's" notable achievements:

First man to drive a railway train non-stop from London to Scotland; fireman on the first all-corridor express to leave Euston Station in 1883; drove three kings—George V, Edward VIII, and George VI.

"In 50 years I've learned to love engines and shall hate to leave them," he said. "You can sell an old motor car and buy a new one without a thought, but it makes me sad to see the old engines go when they're worn out. It's like losing a trusted friend."

In his 37 years behind the throttle Stone did not have an accident.

Now German military scientists are discussing the possibilities of germ warfare on civilian populations. That "next war" is getting nicer and nicer.

The accordion, smallest member of the organ family, produces the greatest volume of sound, for its size, of any musical instrument.

### Showmen Are Worried

Freaks For Country Fairs In Britain

Showmen of Britain who organize the countless fairs in country towns and villages are complaining of a shortage of freaks. They are seeking new ideas and were startled to learn at their annual meeting in London that there was a general scarcity of even the older variety of freaks. The chiefs of the fair industry are sending men to scour the country for attractions. In particular, there is a dearth of "India rubber men," those queer creatures who stretch their skin in sidewalks.

### Cave Is Well Nailed

Mammoth Cave, Kentucky, has five levels, with 225 explored avenues, 47 domes, 23 pits, eight caverns, three rivers, two lakes, and one sea. The actual space worked out of the limestone, according to estimates, embraces 12,000,000 cubic yards.

### WATCH OUT FOR YOUR LIVER!

And You'll Always Feel Great

Do you often say, "I feel rotten,"—tired out, no pep, hate to get up mornings, grouchy, headache, nervous, constipated. The reason is a sick liver. A healthy liver does four things. It supplies the body's natural laxative, puts proper nourishment in your blood, helps the kidneys, intestines and stomach, supplies the body with energy. If it is unhealthy your system is poisoned and out of order. "Fruit-A-Tives," made from fruit and herbal extracts, are the quickest, safest and most natural way of restoring your liver to health. A celebrated doctor's formula. Soon you feel like a new person. Try Fruit-A-Tives. 25c, 50c, all druggists.

### FRUIT-A-TIVES LIVER TABLETS

**TRY THIS NEW WAXED TISSUE PACK**

**PRESTO-PACK**

Wrap Your Food

YOU'LL be delighted with the simplicity of Presto-Pack waxed paper for wrapping food. It's just hang it up on the wall. Then pull one sheet off as you require it. You can't pull it off because of the ingenious way it's packed.

Try Presto-Pack today. You'll find it the handiest thing in the kitchen.

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## Chinook Beauty Shoppe

Marcel.....50 cts  
Resel.....25 cts  
Finger wave.....25 cts  
" [dried].....35 cts  
Shampoo.....25 cts

Mrs. W. Gallagher Prop.

## Demand Boosts Alfalfa Prices

**AIRDRIE, (Special)**—A short hay crop in this district has forced local dairymen to look to foreign fields for feed. One hundred and seventy tons of first crop alfalfa has been purchased from the Gem and Brooks irrigation district and is being delivered loose at about five tons to the load.

Alfalfa in the stack was being bought at \$8 to \$9 per ton loose at Gem, but the price has jumped to \$12 to \$13 due to excessive buying by Saskatchewan interests. After \$5 per ton cartage fee is at-

farmer feels as though he will be feeding money to his cows this winter.

There are practically no straw stacks now throughout his district for wintering out side stock, but with no hail the chances are fine for a good supply of feed straw, as the crops are fairly short and fine strawed, and will be eaten readily by horses and range cattle and little wastage as in the case of coucer-strawed stacks.

Miss K. Shier spent the weekend visiting with Miss Duff at her teacherage.

## PARTY SPONSORED BY THE W. I.

A farewell party was held at the home of Mrs. Wilson on Saturday, Nov. 16th, in honor of Mrs. Milligan sponsored by the Woman's Institute, members and 24 members were present.

The evening was spent in playing party games dominoes, and rummy sticks being the main entertainment also, a demonstration of adjusting ladies apparel by Mrs. Willigan, was heartily enjoyed by all.

After partaking of a fine lunch Mrs. Wilson, after a few chosen words presented the guests of honor with a beautiful set of china

bowls from the W. I. which was followed by Mrs. Milligan with a few words of appreciation (dinner which she forgot that Mr. C. W. was concealed in the kitchen). We all join in wishing her good luck in her new home. From the Chinook Women's Institute.

Mr. Watson was a Calgary visitor over the week end.

Mr. Norman O'Malley returned from Camrose where where he had been working.

Mr. R. V. Lawrence left on Tuesday for Delia and Red Deer.

## Threshing Resumed In Castor District

**CASTOR, Oct. 18.**—(Special)—After four weeks of damp weather, threshing machines in the Castor district were humming again on Friday. The grain lost grade considerably during the wet spell.

Some of the stacks are mouldy and have to be forked over before they are in shape for threshing. Oat cutting is practically completed. The majority of farmers have ample feed supplies for the coming winter.

# The Facts About Banking in Canada

Reproduced from the Sixth Broadcast in a Series by Vernon Knowles for the Chartered Banks of Canada and Delivered Over a Province-Wide Network of Alberta Stations on Tuesday Evening, October 12th, from 8:30 to 8:45, and Wednesday, October 13th, from 12:00 noon to 12:15.

**Outlines Loan Process by Which Banks Convert Credit of Borrower into Spendable Money . . . Shows Position of Bank Shareholders . . . Deals Further with Limited Power of Banks To Issue Own Notes . . . Cites from Letters Received Actual Cases Where Bank Loans Enabled Borrowers To Turn Substantial Profit.**

**I**n this broadcast on behalf of Canada's Chartered Banks I want to get back to that utterly mistaken idea that banks make money out of nothing. Critics of the banks will tell you that banks lend by creating credit and that they create the means of payment out of nothing, that when they build a building it costs them nothing and that when they pay taxes it costs them nothing. These statements are absolutely untrue.

When a bank makes a loan just exactly what is it that the bank does?

Here is the answer — It takes the note of the farmer or manufacturer or the bond of the Government, and places an equivalent amount to the credit of the said farmer, manufacturer or Government, allowing of course for a rental on the money.

In other words the bank assumes an obligation to pay that amount to the farmer, the manufacturer or the Government.

Since that obligation is one that must be met — and in actual practice it is — it is a very real thing.

The transaction creates a credit on the books of the bank but the means of payment which the banks are charged with creating out of nothing consists of resources of the bank — in the last analysis, cash.

Moreover, it should be borne in mind that in all lending transactions by a bank it is the borrower who starts the process — he goes to the bank and asks for a loan, generally for a specific purpose, out of which he expects and intends to make a profit for himself over and above the bank charges. The bank does not go to him — he goes to the bank.

What the bank really does, in effect, is to convert the credit of the borrower himself into spendable money, which he can use for the purposes of his business, paying wages, paying his debts at the country store and meeting other obligations. If a man owns cattle he cannot spend cattle. He cannot pay his debts at the country store with cattle. His ownership of the cattle and his expectation of selling them at a profit to himself are the basis of his credit. When he borrows from a bank on the security of cattle what happens is that the bank converts a form of wealth, which he cannot spend, into something which he can spend and which anybody else will accept.

There is no magic about it and those who contend that a bank can create money out of nothing are wrong. The function that the bank performs, as we have stated, is to convert the credit of the borrower into a form in which he can spend it.

Without a bank the farmer possibly could have seed in the spring, fire help through the growing season and harvesting, and purchase supplies for his family in the meantime on credit — paying these debts from the sale of his crop in the fall. However, common sense tells us that the seed merchant, the farm labourer or the country store keeper could not get very far on this basis, for they could not pass on to the people from whom they in turn buy goods or services the obligations which they have received from the farmer.

Why is this so?

For the reason that, be the farmer's credit ever so good, how could scores of people look into his integrity and his financial worth, as they would require, before taking his promise to pay. Instead, the bank looks into the farmer's affairs, accepts the risk, lends him the money and enables him to pay cash.

If it were otherwise and if banks created the means of payment out of nothing, why has it been necessary through the centuries to find people, called shareholders, ready to put their money into the banking business in exchange for a fair return? If no basis is required for what the bank does, the business

of banking should be an amazingly profitable business — but it is not. The fact that it is not an amazingly profitable business is a simple matter of record, as we have shown in our broadcasts.

Some of our listeners have asked that I say more about note circulation — that is, about the powers of a bank to issue notes. The request has been prompted by the utterly fantastic idea that a bank can, say, erect an expensive branch office building for nothing by issuing its own notes. A bank simply cannot, as has been suggested, issue a bunch of specially numbered bills, pay them out to contractors and others and then cancel them when they come back.

Let me say to you again that no such thing can possibly happen, for the bank must give the holder face value for its notes when he presents them. Moreover, I have shown you that there are very definite legal limits upon the amount of notes that a bank can issue. A bank's notes are a debt owed by the bank to the person who holds them — a debt redeemable in cash on demand.

As a matter of fact, a bank's notes are the very first charge upon its assets — that is to say in case of trouble a bank's notes have to be paid off before a single cent can be paid on any deposits or on any other debts owed by a bank. To make doubly sure of this there is a fund in the hands of the Dominion Minister of Finance, known as "The Bank Circulation Redemption Fund."

This is money paid in by each of the banks to the Minister of Finance at Ottawa, amounting to five per cent on the average amount to Chartered bank notes outstanding. This money is in the nature of a pool and would all be used, in case of need, towards paying off the notes of any bank. Surely all of this should finally squelch the idea that a bank has unlimited power in the matter of issuing its bills.

In any case, as I have told you before, the right of issuing notes is being steadily, year by year, taken away from the Chartered Banks and vested in the Bank of Canada. In order to obtain Bank of Canada notes or bills for use as currency the Chartered Banks have to buy them. Every dollar in notes and every dollar of bank obligations must always have behind it a dollar of assets. Let me stress, once more, that every obligation of a Chartered Bank is payable in cash.

Some supposedly great authority is quoted as having said that if all bank loans were paid all deposits would disappear and there would be no money in existence. I don't think that many Alberta people are stupefied by such statements.

It is equivalent to saying that if every seed were drained dry there would be no ocean liners. If every bank went out of existence to-morrow there would still be wealth but the job of marketing that wealth would take us back to the dim, distant days of barter. Nothing is gained at any time by such extreme statements.

You have been told that when a bank makes a loan and takes security, the bank then uses that security as if it were its own. Such a statement is 100 per cent false. The security lodged with the bank remains the property of the borrower and all the records of the bank prove that fact. He can call for his security to be produced and shown to him at any time. Such security does not appear in the bank's balance sheets at all and when the loan is repaid the security is handed back to the borrower intact.

Some of our critics plunge into very deep water when they draw conclusions from the statement that every dollar that comes into circulation represents a debt on which somebody must pay interest. That statement is used to convey to you a sinister impression, an entirely false idea of what money really is and does.

To illustrate in the plainest of everyday terms let us start from the beginning: I go into the bank and I borrow \$1,000 on which, naturally, I have to pay rent, or if you prefer, interest.

The bank gives me, in exchange for my note, \$1,000 in bills. I have got \$1,000 of money, on which interest has to be paid because the bank is giving me a service.

Why do I borrow the money?

I was going to use it in a deal, expecting to make a profit for myself; or I wouldn't have borrowed the money at all. Very well, I carry out the deal successfully. I repay the bank the \$1,000 I borrowed, and I have a profit, say, of \$100, which I put to my credit in the bank.

You will see by the use of this borrowed money on which I paid rent, I have increased my own resources by \$100, and the bank has received back its \$1,000.

When you multiply that thousand dollar borrowing of mine, my use of the money and my profit, time after time, you see what is happening continuously throughout the year in the business world and you see that the interest is not any strangling charge as has been represented to you. You pay rent, and you make a profit out of it — whatever the nature of your business may be.

It is a continuous, revolving process — in which the dollar you use is not dead weight debt at all, but productive money. There are times, however, when some of it may become temporarily dead weight debt. To illustrate such a case, let us say that through drought or misfortune I suffer a loss for a season — say my deal has not been successful and I lose a part of my borrowed \$1,000.

In these cases, what I have lost does for the time being become dead-weight debt. But with a better season and better prices and better business I have a chance to recover my losses and repay. By far the greater part of the dollars that are issued are not dead-weight debt as you have been so often told. There is nothing sinister in the manner nor in the purpose of their issue nor in the work that they do when they are, in fact, productive money, constantly adding to goods and services and increasing the world's store of new wealth.

That is all there is to bank money. Bank loans are really constructive and productive, and the deep, dark lunacy poems with which critics seek to surround it is recognized, by folks of practical experience, as simply transparent nonsense.

Since we started broadcasting on behalf of Canada's Chartered Banks I have received many letters from Alberta people. I have before me one of them, which gives an instance of a large scale farmer who had occasion to borrow \$5,000 to purchase feeder cattle.

This farmer says: "When I borrow money to estimate my prospective profit very carefully and, if I do not see where I am going to make interest charges and a substantially higher profit for myself I do not borrow the money. Without a bank loan I could not possibly have financed the purchase of the cattle and, further, I feel that the bank's profit is small and mine proportionately large. I consider that I should assume all the risk of loss for the sake of this higher prospective profit. My borrowing is intelligent borrowing from a purely individual and selfish standpoint. I had a similar loan, on which the interest charges amounted to about \$100 some time ago. On this loan I realized a net profit of more than \$2,000 because I was able to feed all of my coarse grain and to realize in the neighbourhood of ninety cents a bushel when prices were in the neighbourhood of twenty to thirty cents a bushel."

I have another Alberta letter, in which a farmer tells us that he had twenty hogs and,

being short of feed, wanted to sell them. He was offered \$200 for the twenty hogs and did not want to let them go at that price, so he went to the bank and borrowed \$300 only. This enabled him to hold the hogs and feed them a while longer, with the result that he eventually sold them for \$300 instead of the \$200 he had been offered. In other words he borrowed \$50 from the bank, the bank made a gross revenue of about \$175 but the farmer made a straight profit of \$50.

I have a letter before me also which appeared in the Calgary Herald from a Milk Producers' Association in the vicinity of Calgary. It reads in part: "We are hearing a good deal about banks these days. I do not profess to know much about banks or the banking business but I do know that, if it had not been for the banks last fall, I, along with many others, would have been forced out of business." These are but a few examples taken at random from a large quantity of our mail.

In other broadcasts I have told you that deposits in the banks are the basis upon which banks can make loans. Let us ground-strap us to this.

Suppose a bank started business with \$100,000 in cash and lent that amount to various borrowers. Then suppose each borrower drew out the amount lent to him, in cash, and each person to whom he paid this money put it in a sack, kept it under his mattress or hid it behind the clock, so that none of it came back to the bank in the form of deposits. As the bank has no cash in its vault the bank dare not make another loan because it could give no cash to the first borrower.

We can go on converting borrowers' assets into spendable form, as we have shown, only if the depositing public are willing to entrust their funds to us. It is the confidence of the people in banks and their willingness to leave their money on deposit that enables a bank to lend money and serve the community.

How, therefore, can it be said that we have "usurped the right to monopolize credit"? As we have shown it is the individual who in the first place possesses the credit; he asks the bank to convert that credit into money he can spend. The bank only does it on his request.

Now I have an announcement to make. This is the last of our broadcasts, at least for the time being. In one of our broadcasts we said that some of our Alberta branch bank Managers might be heard in this series. Indeed, I incorporated in my talks with you, much material which came to me direct from them.

I told you in starting our talks that we would be non-political and non-controversial and would state to you nothing but the unvarnished facts about Canada's Chartered Banks and the work they do. This is exactly what we have done. There is no mystery about Canadian banking, other than the mysteries created by critics who are not well informed.

We are going on honest business and have nothing whatever to fear from the fullest disclosure. Four million depositors have confidence in Canada's Chartered Banks. Were it not for that confidence in the honour and integrity of Canada's Chartered Banks no loans could be made at all.

We wish to thank our listening audience for the many encouraging letters and messages they have sent in. Our talks have all been put into pamphlet form, and if you wish to have them, any branch bank Manager will be glad to give them to you and to talk over with you any of the matters with which we have dealt.

Theorists never run out of theories — but facts are stubborn things. Our story stands for your fair-minded consideration. We leave it to you with confidence.